

ARTICLE 43

COMPENSATION

A. Wages.

- a. **Fiscal Year 2005-2006:** On October 1, 2005, each hourly rate shall be increased by 1% (one percent); beginning the first full pay period in April 2006, each hourly rate shall be increased by 1% (one percent).
- b. **Fiscal Year 2006-2007:** On October 1, 2006, each hourly rate shall be increased by 2% (two percent); beginning the first full pay period in April 2007, each hourly rate shall be increased by 2% (two percent).
- c. **Fiscal Year 2007-2008:** On October 1, 2007, each hourly rate shall be increased by 2% (two percent); beginning the first full pay period in April 2008, each hourly rate shall be increased by 2% (two percent).

B. Heights and Tunnels Premium.

1. **Criteria.** Employees who are required to work on high structures in excess of forty (40) feet, requiring the use of scaffolding or safety harnesses, will receive an additional \$1.00 per hour for each hour worked, with a minimum of four (4) hours hazard pay per day.

Employees who are required to work in pressurized tunnels (new construction or reconstruction) shall receive an additional \$1.00 per hour for each hour worked, with minimum of four (4) hours hazard pay per day.

2. **Limitations.** Work performed from safety buckets (aerial equipment) is not considered high structure work.

Work in caissons is not considered tunnel work.

3. The parties agree to establish a Committee of six (6) representatives from each side to review this area including performing duties in hazardous traffic areas and other hazardous work conditions. The Committee shall meet at least quarterly for the purpose of working to eliminate hazardous working conditions.

C. Cafeteria Benefits Plan.

The Cafeteria Benefits Plan, as described in the Letter of Understanding between the parties entitled "Cafeteria Benefits Plan" will be continued.

D. The State Health Plan.

1. The Employer shall maintain the existing group basic and major medical health insurance coverages except as amended herein. The Employer shall pay 95% of the premium cost of the Plan.

Employees hired on or after January 1, 2002 who are appointed to a position with a regular work schedule consisting of 40 hours or less per biweekly pay period shall pay fifty percent (50%) of the premium for health, dental and vision insurance. This shall not apply to an employee appointed to a permanent-intermittent position. Eligibility for enrollment shall be in accordance with current contractual provisions.

Employees who have a regular work schedule of 40 hours or less per biweekly pay period who are temporarily placed on a regular work schedule of more than 40 hours per biweekly pay period for a period expected to last six months or more, shall be considered as working a regular work schedule of more than 40 hours for the period of the temporary schedule adjustment.

2. Effective January 1, 2003, the existing basic and major medical plan (State Health Plan Advantage) shall be replaced with the PPO plan which shall be known as the "State Health Plan". The State Health Plan in and out of network benefits and applicable deductibles and copayments are outlined in Appendix M.
3. **Subrogation.** In the event that a participant receives services that are paid by the State Health Plan (SHP), or is eligible to receive future services under the SHP, the SHP shall be subrogated to the participant's rights of recovery against, and is entitled to receive all sums recovered from, any third party who is or may be liable to the participant, whether by suit, settlement, or otherwise, to the extent of recovery for health related expenses. A participant shall take such action, furnish such information and assistance, and execute such documents as the SHP may request to facilitate enforcement of the rights of the SHP and shall take no action prejudicing the rights and interests of the SHP.
4. **Disease Management Program.** The Coordinated Care Management Program will be integrated into a Comprehensive Disease Management Program currently known as Blue Health Connection as a covered benefit on a voluntary basis.
5. **Joint Health Care Labor Management Committee.** The parties agree to continue the Labor - Management Committee established to review the procedures, communication materials which will be provided to employees, and benefit booklets prior to their distribution. The Committee shall have the responsibility of reviewing and monitoring the progress of the actual implementation of the procedures, however, any changes in the specific provisions as described herein shall be subject to negotiations. Each exclusively recognized employee organization shall be entitled to designate one (1) representative to participate in the Labor-Management Committee. The management representatives to the Committee shall be selected by the Employer. A joint labor-management committee will also meet to discuss group insurance premiums for employees working less than full-time. Any proposed agreement shall be subject to review and approval, rejection, or modification by the Civil Service Commission.

- 6. Pre-Certification of Hospital Admission and Length of Stay.** The pre-certification for admission and length of stay component requires that the attending physician submit to the third party administrator the diagnosis, plan of treatment and expected duration of admission. If the admission is not an emergency, the submission must be made by the attending physician and the review and approval granted by the third party administrator prior to admitting the covered individual into the acute care facility. If the admission occurs as an emergency, the attending physician is required to notify the administrator by telephone with the same information on the next regular working day after the admission occurs. If the admission is for a maternity delivery, advance approval for admission will not be required; however, the admitting physician must notify the third party administrator before the expected admission date to obtain the length-of-stay approval.
- 7. Second Surgical Opinion.** Effective January 1, 2003 an individual covered under the State Health Plan will be entitled to a second surgical opinion. If that opinion conflicts with the first opinion the individual will be entitled to a voluntary third surgical opinion. Second and third surgical opinions shall be subject to a \$10 office call fee or covered at 90% after the deductible if obtained out-of-network.
- 8. Home Health Care.** A program of home health care and home care services to reduce the length of hospital stay and admissions shall also be available at the employee's option. This component shall require that the attending physician contact the third party administrator to authorize home health care service in lieu of a hospital admission or a continuation of a hospital confinement.
- a.** The attending physician must certify that the proper treatment of the disease or injury would require continued confinement as a resident inpatient in a hospital in the absence of the services and supplies provided as part of the home health care plan. If appropriate, certification will be granted for an estimated number of visits within a specified period of time. The types of services that shall be covered under this component will include part-time or intermittent nursing care by a registered nurse or licensed practical nurse if an R.N. was not available; part-time or intermittent home health aid services; physical, occupational and speech therapy; medical supplies, drugs and medicines prescribed by a physician, and laboratory services provided by or on behalf of a hospital, but only to the extent that they would have been covered if the individual had remained or been confined in the hospital.
 - b.** Home health care shall be available to employees at their option in lieu of hospital confinement. To receive home health care services, a patient shall not be required to be homebound. Home infusion therapy shall be covered as part of the home health care benefit or covered by its separate components (e.g. durable medical equipment and prescription drugs).

9. Alternative Delivery Systems. Coverage shall also be available for hospice care and birthing center care to employees and enrolled family members. Bills for birthing centers shall be paid in the same manner as under the current Plan. To be eligible for the hospice care benefit, the covered individual must be diagnosed as terminally ill by the attending physician and/or Hospice Medical Director with a medical prognosis of six months or less life expectancy. Covered hospice benefits include physical, occupational, and speech language therapy; Home Health Aid services; medical supplies; and nursing care. Covered Hospice Benefits are not subject to the individual deductible or any co-payment and will be paid only for services rendered by federally certified or State licensed hospices. Both hospice care and birthing center care shall be available to employees at their option in lieu of hospital confinement. Birthing Center Care is covered under the Delivery and Nursing Care Benefits set forth in Appendix M.

10. Wellness and Preventive Coverage. Wellness and Preventive Coverage in accordance with the State Health Plan as outlined in Appendix M will be subject to maximum plan payment of \$1,500 per individual for in-network services. There shall be no coverage for preventive services received out-of-network.

11. Hearing Care Program. The State Health Plan will include audiometric exams, hearing and evaluation tests, single, bilateral or binaural hearing aids and fitting subject to a \$10 office call fee for the examination and shall be available one every 24 months unless hearing capacity changes to the degree determined upon advice by the State Health Plans' Medical Policy Team and audiology professionals.

12. Out-Patient Psychiatric and Substance Abuse Service. Benefits for in-patient and out-patient mental health care and substance abuse services shall be as outlined in Appendix M.

The parties agree to establish a joint Labor Management Committee to review and monitor the mental health/substance abuse PPO. The committee will review cases brought to the committee's attention where benefits are being denied and will, after consultation with a mutually agreed upon medical advisor, provide a recommendation to the state which will be transmitted to the third party administrator for action. The identity of the patient will not be disclosed during any such review. Confidentiality within the committee will be maintained.

13. Prescription Drug Plan. The current Prescription Drug Plan shall be maintained except as amended herein. There shall be an employee co-pay of \$7.00 for generic drugs. The employee co-pay for brand name drugs shall be \$15.00. The employee co-pay for non-preferred brand name drugs will be \$30.00. Brand name drugs determined to be non-preferred because of the availability of a generic equivalent or a therapeutically or chemically equivalent brand name drug shall be so designated by the Pharmacy and Therapeutics Committee comprised

of independent physicians across various specialties. The State of Michigan shall have no decision-making authority in such determination. Participants filling prescriptions for maintenance drugs at the retail level will be provided with information on the mail order program. Prescriptions filled at a participating retail pharmacy will be approved up to a maximum of a 34-day supply.

- a. **Generic Drugs.** The Plan shall also provide that unless otherwise specified by the prescribing physician, the pharmacy will be required to dispense a generic drug whenever a generic substitution is available.
- b. **Mail Order Prescription Drugs.** The Employer shall continue the current mail order prescription drug option for maintenance drugs. At the employee's option, an employee may elect to purchase maintenance prescription drugs through the mail order option. The employee shall have a \$7.00 co-pay per prescription for generic drugs and a \$15.00 per prescription co-pay for brand name drugs, and the co-pay for non-preferred brand name drugs will be \$30.00.

14. Deductibles and Out of Pocket Maximums.

Effective January 1, 2003, the individual deductible under the State Health Plan shall be \$200.00 per calendar year and \$400.00 per calendar year for family for in-network services and \$500.00 per calendar year per individual and \$1,000.00 per family per calendar year for out-of-network services. The maximum out of pocket costs per calendar year shall be \$1,000.00 per individual and \$2,000.00 per family for in-network services and \$2,000.00 per individual and \$4,000.00 per family for out-of-network services. The deductible does not apply toward the maximum out-of-pocket cost.

15. Health Maintenance Organization (HMO).

- a. As an alternative to the State Health Plan, enrollment in HMO's is offered to those employees residing in areas where qualified licensed HMO's are in operation.
- b. Federal statute regulates employee participation in HMO's and Employer contributions toward the cost thereof. In the event that the statute or its implementing regulations are changed, the parties agree to meet to discuss implementing any revised statute/ regulation and the impact caused thereby.
- c. Fees and services for health screening to assist in early diagnosis of disease are included in the services provided under the basic health care benefits of HMO's.
- d. The benefit levels for each HMO as outlined in the annual open enrollment booklet shall remain in effect throughout that benefit year. No HMO offered to bargaining unit members may reduce benefits. Benefits not included in HMO's, but added in the State Health Plan shall automatically be incorporated

into the HMO benefits on the same effective date. Any other alteration of HMO benefits shall be by mutual agreement of the Employer and the Union.

The parties agree to meet annually through the Labor-Management Health Care Committee to discuss HMO costs and make recommendations for changes in order to keep HMOs affordable.

- 16. Leave of Absence - Premium Payment.** Employees who are granted a leave of absence may elect to continue enrollment in the State Health Plan at the time the leave of absence begins. Such employees shall be eligible for continued enrollment during the leave of absence by paying the full amount of the premium (Employer and employee share).
- 17. Layoff - Premium Payment.** Employees who are laid off, may at the time of layoff, elect to continue enrollment in the State Health Plan by paying the full amount of the premium (Employer and employee share). Such enrollment may continue until the employee is recalled or for a period of three (3) years, whichever occurs first. In accordance with Section J of this Article, the Employer shall pay the Employer's share of such premiums for the first two (2) pay periods for employees selecting this option.
- 18. Enrolled Dependent Coverage Upon Death of Employee.** State Health Plan coverage for enrolled dependents will cease the 30th day after a Unit member's death unless, the covered Unit member is eligible for an immediate pension benefit from the State Employee's Retirement System.
- 19. Orthopedic Inserts.** Medically necessary orthopedic inserts for shoes, prescribed by a licensed physician are covered under the State Health Plan. This benefit is included under the Durable Medical Equipment Benefit in Appendix M.
- 20. Self-Donated Blood.** The storage cost for self-donated blood in preparation for scheduled surgery will be covered by the State Health Plan subject to the individual deductible.
- 21. Weight Loss.** Employees meeting "morbid obesity" criteria will be covered by a \$300 lifetime weight loss clinic attendance benefit covering those expenses not otherwise generally covered by the State Health Plan. "Morbid obesity" is defined as more than 50% or 100 pounds over ideal body weight or 25% over ideal body weight with certain medical conditions (such as diabetes, heart disease, respiratory disease, etc.).
- 22. Smoking Cessation Program.** The Employer shall provide or Department will reimburse the total cost for, any program that an employee attends which has the objective of ending an individual's dependence upon and/or addiction to the use of tobacco products. Employees shall be reimbursed for the full cost, not to

exceed \$50, of such program upon presenting evidence of completion of the program. However, employees shall not be entitled to be reimbursed if such program is covered by the employee's health plan or HMO. Smoking cessation products such as Zyban and Nicotrol Nasal Spray but not limited to, shall be included under the prescription drug benefit.

23. Laser Eye Surgery. shall be a covered benefit allowable once in a lifetime with a \$755.00 coverage limit.

24. PPO's and Other Managed Health Care Approaches. The parties agree to continue exploring, through the Joint Labor Management Health Care Committee managed health care preferred provider systems, structural changes in the group insurance plans, and related matters as mutually agreed by the parties for the purpose of implementing cost containment measures in the state health and other group insurance plans on a time table to be determined by the parties. While the Committee may have participants who represent other unions, the benefits provided to members of these bargaining units will be those upon which MSEA and the Employer have jointly agreed.

25. Reimbursement. The reimbursement for in-network and out-of-network chiropractic spinal manipulation, durable medical equipment, prosthetic and orthotic appliances, private duty nursing and acupuncture therapy shall be as specified in Appendix M.

In-network office visits and office consultations will be subject to a \$10.00 co-pay and will not be subject to the deductible. Out-of-network office visits and office consultations shall be covered at 90% after the deductible is met.

26. In and Out-of Network Process. In and out-of-network access is described in the Letter of Understanding and the attached rules for network use (See Appendix M).

E. Group Dental Expense Plan.

1. The Employer shall pay 95% of the applicable premium for employees enrolled in the Group Dental Expense Plan except as provided in D(1) above for less than full-time employees.
2. Benefits payable under the Dental Expense Plan will be as follows:
 - a. 90% of actual fee or usual, customary and reasonable fee, whichever is lower, for restorative, endodontic, and periodontic services (x-rays, fillings, root canals, inlays, crowns, etc.).
 - b. There shall be a yearly maximum benefit of \$1,000 per person exclusive of orthodontics. Effective October 1, 2002, the annual maximum benefit shall be \$1,250 per person. Effective October 1, 2003, the annual maximum benefit

shall be \$1,500 per person. There shall be a separate \$1,500 lifetime maximum benefit for orthodontics.

3. Covered Dental Expenses: The Dental Expense Plan will pay for incurred claims for employee and/or enrolled dependents at the applicable percentage of either the actual fee or the usual, customary and reasonable fee, whichever is lower, for the dental benefits covered under the Dental Expense Plan up to the annual maximum benefit provided in Section E.2.b. for each covered person in each twelve (12) month period beginning October 1.

4. There is a separate \$1,500 lifetime maximum benefit for orthodontics.

5. The following services will be paid at the 100% benefit level:

Diagnostic Services:

- Oral examinations and consultations twice in a fiscal year.

Preventive Services:

- Prophylaxis - teeth cleaning three (3) times in a fiscal year;
- Topical application of fluoride for children up to age 19, twice in a fiscal year;
- Space maintainers for children up to age 14.
- Oral exfoliative cytology (Brush biopsy) will be covered when warranted from a visual and tactile examination.

6. The following services will be paid at the 90% benefit level:

Radiographs:

- Bite-wing x-rays once in a fiscal year unless special need is shown;
- Full mouth x-rays once in a five (5) year period, unless special need is shown.

Restorative Services:

- Amalgam, silicate, acrylic, porcelain, plastic and composite restorations;
- Gold inlay and onlay restorations.

Oral Surgery:

- Extractions, including those provided in conjunction with orthodontic services;
- Cutting procedures;
- Treatment of fractures and dislocations of the jaw.

Endodontic Services:

- Root canal therapy;
- Pulpotomy and pulpectomy services for partial and complete removal of the pulp of the tooth;
- Periapical services to treat the root of the tooth.

Periodontic Services:

- Periodontal surgery to remove diseased gum tissue surrounding the tooth;
- Adjunctive periodontal services, including provisional splinting to stabilize teeth, occlusal adjustments to correct the biting surface of a tooth and periodontal scaling to remove tartar from the root of the tooth;
- Treatment of gingivitis and periodontitis diseases of the gums and gum tissue.

7. The following services will be paid at the 50% benefit level:

Prosthodontic Services:

- Repair or rebasing of an existing full or partial denture;
- Initial installation of fixed bridgework;
- Initial installation of partial or full removable dentures (including adjustments for six (6) months following installation);
- Construction and replacement of dentures and bridges (replacement of existing dentures or bridges is payable when five (5) years or more have elapsed since the date of the initial installation).

Dental Sealants:

- As soon as administratively feasible after approval of this Agreement, the Dental Plan shall provide for sealants on permanent molars that are free of any restorations or decay. Sealant treatment shall be payable on a per tooth basis with the Plan paying 50% of the reasonable and customary amount of the sealant and the employee paying the remainder. Dependents up to age 14 shall be eligible for the sealant application in accordance with this Sub-section. The benefit shall be payable for only one application per tooth within a three (3) year period. Under the Dental Point of Service PPO, the Plan will pay 70% of the reasonable customary amount.

8. The following services will be paid at the 60% benefit level:

Orthodontic Services:

- o Minor treatment for tooth guidance;
- o Minor treatment to control harmful habits;
- o Interceptive orthodontic treatment;
- o Comprehensive orthodontic treatment;
- o Treatment of an atypical or extended skeletal case;
- o Post-treatment stabilization;
- o Separate lifetime maximum of \$1,500 per each enrollee;
- o Orthodontic services for dependents up to age 19; for enrolled employee and spouse, no maximum age. Orthodontic coverage shall be extended to each dependent up to age 25 if the dependent is a full-time student at an accredited institution.

9. The benefit descriptions outlined in this Section are illustrative and not exhaustive.

10. Dental at Point of Service PPO. Employees and dependents enrolled in the group Dental Plan may access the improved benefit levels specified below by utilizing dental care providers that are members of the Point of Service PPO.

<u>Benefit</u>	<u>Current Coverage</u>	<u>Enhanced Coverage</u>
Exams	100%	100%
Preventive	100%	100%
Radiographs	90%	100%
Fillings	90%	100%
Endodontics	90%	100%
Periodontics	90%	100%
Simple Extractions	90%	100%
Complex Extractions	90%	100%
Prosthodontic Repairs	50%	100%
Other Oral Surgery	90%	90%
Adjunctive	90%	90%
Crowns	90%	90%
Fixed Bridgework	50%	70%
Partial Dentures	50%	70%
Full Dentures	50%	70%
Sealants	50%	70%
Orthodontics	60%	75%
Annual Maximum	\$1,500	\$1,500
Lifetime Orthodontics	\$1,500	\$1,500

F. Vision Care Insurance.

1. The Employer shall pay 100% of the applicable premium for employees enrolled in the Group Vision Plan except as provided in Section D(1) above for less than full-time employees.
2. **Participating Providers:** Benefits payable for participating providers under the Plan will be as follows:
 - a. **Examination:** Payable once in any twelve (12) month period with an employee co-payment of \$5.00.
 - b. **Lenses and Frames:** Payable once in any twenty-four (24) month period or in any twelve (12) month period where required by a change in prescription with an employee co-payment of \$7.50 for eyeglass lens up to 71 mm and frames and \$7.50 for medically necessary contact lenses. The Plan will pay up to \$25.00 wholesale cost allowance for frames, plus the dispensing fee.
 - c. **Contact Lenses not Medically Necessary:** The Plan will pay a maximum of \$90.00 and the employee shall pay any additional charge of the provider for such lenses. The co-payment provision under F-2-b. is not required.

Medically necessary means (a) the member's visual acuity cannot otherwise be corrected to 20/70 in the better eye or (b) the member has one of the following visual conditions: keratoconus, irregular astigmatism, or irregular corneal curvature.

3. Non-Participating Providers: Plan payments for non-participating providers:

- a. **For Vision Testing Examinations:** The Plan will pay 75% of the reasonable and customary charge after it has been reduced by the member's co-payment of \$5.00.
- b. **For Eyeglass Lenses:** The Plan will pay the provider's charges or the amount set forth below, whichever is less:

Regular Lenses:

- o Single Vision \$13.00/Pair
- o Bifocal \$20.00/Pair
- o Trifocal \$24.00/Pair

Contact Lenses:

- o Medically necessary as defined in Subsection F-2-c above... \$96.00/Pair
- o Not medically necessary..... \$40.00/Pair

Special Lenses: For covered special lenses (e.g., aphatic, lenticular and aspheric) the Plan will pay 50% of the provider's charge for the lenses or 75% of the average covered vision expense benefits paid to participating providers for comparable lenses, whichever is less.

Additional Charges for Plastic Lenses:..... \$3.00/Pair

Plus benefit provided above for covered lenses.

Additional Charges for Tints Equal to Rose Tints:..... \$3.00/Pair

Additional charges for Prism Lenses:..... \$2.00/Pair

When only one lens is required, the Plan will pay one-half (½) of the applicable amount per pair shown above.

For Eyeglass Frames: The Plan will pay the provider's charges or \$14.00, whichever is less.

- 4. Employees who are required to operate VDT/CRT equipment for a majority of the time shall be eligible for reimbursement for a Vision Testing Examination at rates provided herein on an annual basis regardless of when they were last examined.

G. Long Term Disability Insurance.

1. The Employer shall continue the current long term disability (LTD) insurance plan coverage except as provided in G(5) below.
2. Part-time and permanent-intermittent (P.I.) employees who work 40% or more of full-time will be eligible for LTD benefits.

Premiums for eligible less-than-full-time employees shall be determined in accordance with the current LTD premium schedule for full-time employees. The benefit level for employees who actually utilize the LTD benefit shall be based on the employee's average biweekly hours worked the preceding fiscal year, but the dollar amount of the benefit shall be calculated on the basis of the employee's current hourly rate (the hourly rate in effect at the time the employee actually goes on disability leave).

3. The cost of premiums of such Plan shall be shared by the Employer and the employee in accordance with current practice.
4. The Employer shall provide a rider to the existing LTD insurance. All employees who are covered by LTD insurance shall automatically be covered by this rider as well. The rider shall provide insurance which will pay directly to the carrier the full amount (100%) of health insurance (or HMO) premiums while such employee is on LTD insurance for a maximum of six (6) months for each covered employee. The Employer agrees to pay the cost of such rider. If not prohibited by the IRS, an employee whose LTD Rider has expired may transfer immediately to a state-employee spouse's health plan.
5. The eligibility period for plan ii claimants who remain totally disabled shall be reduced from age 70 to age 65, or for a period of twelve months, whichever is greater.
6. The benefit period for "mental/nervous" claims shall be limited to 24-months from the beginning of the time a claimant is eligible to receive benefits. This limitation does not apply to mental health claims where the claimant is under in-patient care.
7. The waiting period for receipt of ltd benefits shall be 14 calendar days or the exhaustion of sick leave credits.

H. Life Insurance.

1. The Employer shall provide a state-sponsored group life insurance plan which has a death benefit equal to 2.0 times annual salary rounded up to the nearest \$1,000, with a minimum \$10,000 benefit. The Employer shall pay 100% of the premium for this benefit. Less than full time employees who are eligible for enrollment in the Plan in accordance with Appendix C of the Master Agreement shall have their benefit level determined as if they were working full-time in a full-time position.

2. The age ceiling of 23 years for dependent coverage available under the optional life insurance plan shall not apply to handicapped dependants. Such additional coverage shall be provided at the current premium cost to the employee. A dependant is considered handicapped if he/she is unable to earn his/her own living because of mental retardation or physical handicap, and depends chiefly on the employee for support and maintenance.
3. **Dependant Coverage:**
 - a. Employee pays 100% of premium for optional dependant coverage.
 - b. Employee may choose between four levels of dependant coverage:
 - o **Level One** insures spouse for \$1,500 and children from age 15 days to 23 years for \$1,000.
 - o **Level Two** insures spouse for \$5,000 and children from age 15 days to 23 years for \$2,500.
 - o **Level Three** insures spouse for \$10,000 and children from age 15 days to 23 years for \$5,000.
 - o **Level Four** insures spouse for \$25,000 and children from age 15 days to 23 years for \$10,000, or, in the alternative, the employee may elect to insure children only for \$10,000.

I. Accidental Death Insurance.

The State shall provide a State-sponsored Accidental Death Insurance Plan which has a benefit of \$150,000 in case of an employee's accidental death in line of duty.

J. Payment of Insurance Premiums Upon Layoff.

Employees laid off as a result of a reduction in force may elect to prepay their share of premiums for medical, dental, vision, and life insurance for two (2) additional pay periods after layoff by having such premiums deducted from their last pay check. The Employer shall pay the Employer's share of premiums for medical, dental, vision, and life insurance for two (2) pay periods for employees selecting this option. Coverage for medical, dental, vision, and life insurance shall thereafter continue for these two (2) pay periods. Election of this option shall not affect the laid off employee's eligibility for health and life insurance coverage for up to three (3) years subsequent to layoff by directly paying the entire premium, as per current practice.

K. Group Insurance Enrollment Upon Limited Term Recall.

All employees covered by this Agreement who accept limited term recall into positions in these Bargaining Units are eligible for enrollment in all group insurance plans in which they were enrolled at the time of layoff. Coverages in such plans shall be the same as the coverage at the time of layoff. Eligibility for other benefits shall be in accordance with Appendix C of the Master Agreement. Such employees shall not be considered as temporary (less than 720 hours) employees.

L. Open Enrollment Period.

1. There will be an open enrollment period for all insurances on an annual basis. Employees in MSEA Bargaining Units may, at that time, make any necessary changes (i.e., change from HMO to State Health Plan, drop spouse, add spouse, drop or add dental, add vision, etc.) in their insurance coverage not already granted to them by the existing policies. The Employer will notify all employees fifteen (15) days prior to the open enrollment period. All changes must be made within the thirty (30) day open enrollment period. All changes will become effective the first day of the pay period beginning after the open enrollment period.
2. However, P.I. employees who in a fiscal year have been in pay status for 832 hours are eligible to enroll in the Group Dental, Life, and Vision Plans provided that the employee must elect to enroll in such plan(s) within the first pay period after reaching 832 hours. The notification procedure outlined in L-1 of this Section does not apply to L-2.
3. When an employee moves to a new permanent residence outside of the service area of the HMO in which he/she was enrolled, the employee shall be granted a 30 calendar day open enrollment period from the date of the move to enroll in the State Health Plan or to enroll in another HMO serving the new residence area.

M. Shift Premium Payment.

1. Employees in MSEA Bargaining Units in classes at the levels indicated below are eligible for shift premium of 5% above straight-time rates, rounded to the nearest cent:

<u>Bargaining Units</u>	<u>Skill Levels</u>
Position Comparison System	1 - 12
Labor and Trades	5 - 11
Safety and Regulatory	6-13

2. Shift premium shall be paid to eligible employees for each shift where fifty percent (50%) or more of their regularly scheduled shift falls between the hours of 4:00 p.m. and 5:00 a.m.
3. Shift premium shall be included as part of the regular rate for computation of the premium for overtime hours worked by eligible employees working regularly scheduled afternoon and night shifts.
4. Shift premium shall not be paid for holidays or leave time used.

5. The value of shift premium shall not be included in determining the value of fringe benefits which are based on pay rate; all fringe benefits will be based on the straight time pay rates.
6. Work requiring reassignment of employees from day shifts to afternoon or night shifts shall be paid shift premium as in the case of regularly assigned afternoon and night shifts.
7. When an employee takes the place of an absent worker the employee must be paid shift differential in addition to overtime unless both employees are not eligible for shift differential.

N. Hazard Pay.

1. Classes responsible for custody and supervision of inmates in addition to regular duties (formerly designated "P" rate classes) shall receive \$.40 per hour above regular rates.
2. Eligibility for "P" rate shall be as follows:
 - a. Is responsible on a regular and recurring basis for the custody or supervision of residents under the jurisdiction of the Department of Corrections, Bureau of Correctional Facilities;
 - b. Is assigned to a position within the security perimeter of an institution within the Bureau of Correctional facilities;
 - c. Is assigned to a work station within a Department of Corrections, Bureau of Correctional Facilities institution which involves regular and recurring contact (25% or more of work time) with the Department of Corrections residents. Any disputes arising under this paragraph shall be resolved by the Michigan State Employees Association and the Office of State Employer;
 - d. Works in a "covered position" within the meaning of "P.A. 351 of 1988, as may be amended;
 - e. Is assigned to replace an employee receiving hazard pay within a security perimeter for the period of such replacement, provided s/he replaces the employee for a minimum of a seven (7) hour work day and any consecutive scheduled work. The Employer agrees that it shall not reassign employees for the purpose of avoiding the payment of hazard pay under this sub-paragraph.
3. Positions in departments other than Department of Corrections must supervise residents assigned from Department of Corrections, Bureau of Correctional facilities.

4. Incidental contact such as passing by a resident porter does not qualify a position for hazard pay.
5. In addition, those positions eligible for "P" rate which are:
 - a. Assigned to close, maximum and administrative segregation work units within the security perimeter of a Department of Corrections, Bureau of Correctional Facilities institution which is designated by the Michigan Corrections Commission as having 1) a close, maximum or administrative segregation overall rating, or 2) a close or medium overall rating which would contain an administrative segregation unit; and
 - b. Occupied by a Bargaining Unit employee having two (2) years (4,176 hours) or more of continuous service in the Bargaining Unit; shall receive an additional ten cents (\$.10) per hour [for a total of fifty cents (\$.50) per hour].

O. Personal Leave Days.

Permanent full-time non-probationary employees shall receive two (2) personal leave days (16 hours) to be used in accordance with normal requirements for annual leave usage. Such leave shall be granted to less-than-full-time, non-probationary permanent employees on a pro-rata basis in accordance with current practice regarding holidays. Such leave grant shall be extended to employees returning from leave of absence on their return. Such leave time shall be granted to persons entering the Bargaining Units (for example, recall from layoff) on a pro-rata basis. However, no employee shall be entitled to more than one grant of personal leave in each fiscal year. Such leave shall be credited to the employee's annual leave balances on each October 1.

When an employee has submitted a written request to utilize a personal leave day at least ninety-six hours prior to the beginning of the pay period and when such request has been denied, the employee may present a grievance to the Step One Representative with a request to expedite the grievance. If not expedited to the satisfaction of the Union, the Union may verbally contact the Step Two Representative, explain the situation, and request an expedited answer. At each step, every effort will be made to answer the grievance prior to the date the personal leave is to be taken.

P. Longevity.

1. Eligibility

- a. Career employees who separate from state service and return and complete five years (10,400 hours) of full-time continuous service prior to October first of any year shall have placed to their credit all previous state classified service earned.
- b. To be eligible for a full annual longevity payment after the initial payment, a career employee must have completed continuous full-time classified service

equal to the service required for original eligibility, plus a minimum of one additional year (2080 hours).

- c. Career employees rendering seasonal, intermittent or other part-time classified service shall, after establishing original eligibility, be entitled to subsequent annual payments on a pro rata basis for the number of hours in pay status during the longevity year.

2. Payments - Payment shall be made in accordance with the table of longevity values (See Appendix J) based on length of service as of October 1.

- a. No active employee shall receive more than the amount scheduled for one annual longevity payment during any twelve month period except in the event of retirement or death.

- b. Initial Payments - Employees qualify for their initial payment by completing an aggregate of five years (10,400 hours) of continuous service prior to October 1. The initial payment shall always be a full payment (no proration).

- c. Annual Payments

- 1. Employees qualify for full annual payment by completing 2,080 hours of continuous service during the longevity year.
- 2. Employees who are in pay status less than 2,080 hours shall receive a pro rata annual payment based on the number of hours in pay status during the longevity year.

- d. Payments to employees who become eligible on October 1 of any year shall be made on the pay date following the first full pay period in October; except that pro rata payments in case of retirement or death shall be made as soon as practicable thereafter.

- e. Lost Time Considerations

- 1. Lost time is not creditable continuous service nor does it count in qualifying for an initial or an annual payment.
- 2. Employees do not earn state service credit in excess of 80 hours in a bi-weekly pay period. Paid overtime does not offset lost time, except where both occur in the same pay period.

- f. Payment to Employees on Leave of Absence Without Pay and Layoff on October 1.

- 1. An employee on other than a waived rights leave of absence, who was in pay status less than 2,080 hours during the longevity year, will receive a pro rata annual payment based on the number of hours in pay status

during the longevity year; such payment shall be made on the pay date following the first full pay period in October.

2. An employee on a waived rights leave of absence will receive a pro rata longevity payment upon returning from leave.
- g. Payment at Retirement or Death** - An employee with 10,400 hours of currently continuous service, who separates by reason of retirement or death shall qualify and receive both a terminal and a supplemental payment as follows:
 1. A terminal payment, which shall be either:
 - a. A full initial longevity payment based upon the total years of both current and prior service, if the employee has not yet received an initial longevity payment; or,
 - b. A pro rata payment for time worked from the preceding October 1 to the date of separation, if previously qualified. The pro rata payment is based on hours in pay status since October 1 of the current fiscal year.
 2. A supplemental payment for all time previously not counted in determining the amount of prior longevity payments, if any.
 3. Longevity Overtime. Upon conversion, the regular rate add-on for longevity will be calculated and paid retroactively for overtime worked in the previous fiscal year. This amount will be included in the longevity payment.

Q. Holidays.

1. The following are designated holidays:

New Year's Day	Veteran's Day
Martin Luther King Day	Thanksgiving Day
President's Day	Thanksgiving Friday
Memorial Day	Christmas Eve Day
Independence Day	Christmas Day
Labor Day	New Year's Eve Day
General Election Day (In Even Numbered Years)	

2. Eligibility and compensation for holidays shall continue in accordance with current practice. See Appendix C.
3. At the discretion of the Appointing Authority and with the approval of their immediate supervisor, employees may elect to work Veteran's Day and take an alternate day off in the same pay period in which the holiday occurs. In the event

such approval is denied, employees shall not have the right to file grievances related thereto.

R. Severance Pay.

In recognition of the fact that the deinstitutionalization of the Department of Community Health resident population has resulted and will continue to result in the layoff of a large number of State employees, and in recognition of the fact that such layoffs are likely to result in the permanent termination of the employment relationship, the parties hereby agree to the establishment of severance pay for certain employees.

1. Definitions.

- a. Layoff - For purposes of this Section, layoff is defined as the termination of active State employment solely as a direct result of a reduction in force. Other separations from active State employment such as leaves of absence, resignation, suspension or dismissal shall not be considered a layoff under the terms of this Section.
- b. Week's Pay - Week's pay is defined as an employee's gross pay for forty (40) hours of work at straight time excluding such things as shift differential and "P" rate at the time of layoff.
- c. Year of Service - Year of service is defined as 2088 hours recorded in the PPS Continuous Service Hours Counter (see schedule).

2. Eligibility. The provisions of this Section shall apply only to Department of Community Health agency-based employees with more than one year of service who have been laid off because of a reduction in the resident population in State institutions. Further, the following employees shall not be eligible to receive severance pay:

- a. Employees who are in less than satisfactory employment status.
- b. Employees with a temporary or limited term appointment having a definite termination date.

3. Time and Method of Payment. After an employee has been laid off for six (6) months in accordance with the provisions of this Section, he/she shall be notified by the Agency in writing that he/she has the option of remaining on the recall list(s) or of accepting a lump sum severance payment and thereby forfeiting all recall rights. The employee must notify the Agency in writing of his/her decision either to accept the severance payment or to retain recall rights. An employee who does not notify the Agency in writing of his/her decision shall be deemed to have elected to retain recall rights.

If the employee chooses to remain on recall and rejects the payment, the employee has the option at any time within the next six (6) months of accepting the lump sum severance payment and thereby forfeiting all recall rights. An employee who reaches such decision during the second six (6) month period shall notify the Agency in writing of his/her decision.

An employee who has been laid off for twelve (12) months shall be notified by the Agency in writing that he/she must choose either to accept the lump sum severance payment or to reject such payment. By rejecting such payment, the employee shall retain recall rights in conformance with the provisions of this Agreement and shall have no further opportunity to receive severance payment. The employee must notify the Agency in writing of his/her decision within fourteen (14) calendar days of receipt of the Agency's notification. An employee who does not notify the Agency in writing of his/her decision to accept the severance payment shall be deemed to have permanently rejected such payment and to have retained recall rights in accordance with Article 12. If an employee elects to accept the lump sum payment, the employee's name shall be removed from all recall lists and such payment shall be made by the Agency within sixty (60) calendar days of receipt of the employee's decision.

4. **Disqualification.** An employee laid off as defined in this Section who has not elected in writing to accept severance payment shall be disqualified from receiving such payment under the following conditions:
 - a. If the employee is deceased.
 - b (1) If the employee is hired for any position within the state classified service:
 - If such employment requires a probationary period, upon successful completion of such period.
 - If no probationary period is required, upon date of hire.
 - If a probationary period is required and the employee does not successfully complete such required probationary period and is therefore separated, such time of employment shall be bridged for purposes of the time limits in Sub-section R-3. above.
 - b (2) If the employee is hired for any position outside of the State classified Civil Service and the initial base hourly rate for that new employment is 75 percent or more of the employee's final base hourly rate of the Bargaining Unit position from which she/he was laid off.
 - c. An employee who refuses recall to or new State employment hiring within a thirty (30) mile radius in the tri-county area of Wayne, Oakland, and Macomb or fifty (50) mile radius outstate of the Agency from which he/she was laid off. The same radius shall apply to an employee who refuses a position with any other department of the State.

d. An employee permanently recalled to another job in State government.

5. Effect of Recall.

a. An employee temporarily recalled for sixty (60) calendar days or less shall have such time bridged for purposes of counting the time in accordance with Sub-section R-3. above.

b. An employee permanently [more than sixty (60) calendar days] recalled to a position in this Bargaining Unit and subsequently laid off shall have the same rights as if he/she were laid off for the first time. The time limits listed in Sub-section R-3. above shall be applied from the date of the most recent layoff.

6. Effect of Hiring. If an employee has accepted severance payment and is hired in the State classified service or into a State-funded position caring for residents within two (2) years of the acceptance of severance payment, such employee shall repay to the State the full net (gross less employee's FICA and income taxes) amount of the severance payment received. Such repayment shall not be required until after the employee has successfully completed a required probationary period. Once such employee has successfully completed the required probationary period, that employee shall have a one (1) year period to make the repayment to the Agency from which the severance payment was received. The details of the method and time schedule for such repayment shall be discussed between the employee and the Agency and reduced to writing and signed by the employee and the Appointing Authority or designee of the Agency. In cases of unusual hardship and by mutual consent the one-year period may be extended.

7. Payment. An employee who elects in writing to receive severance pay shall receive an explanation of the terms of such severance pay. The Office of the State Employer shall develop a form which explains to such employee all the conditions attendant to acceptance of severance pay.

The employee and Appointing Authority or designee shall sign this form and the signatures shall be witnessed. No employee is entitled to receive severance pay until and unless he/she has signed the above mentioned form. The employee shall receive a carbon copy of the signed form.

The Employer shall deduct from the amount of any severance payment any amount required to be withheld by reason of law or regulation for payment of taxes to any federal, state, county or municipal government. Eligible employees as indicated in Subsections R1-R6 above shall receive severance payment according to the following schedule:

a. Employees who have from one (1) through five (5) years of service: One week's pay for every full completed year of service, years 1-5;

- b. Employees who have more than six (6) full years of service: Two week's pay for every full completed year of service, years 6-10;
- c. Employees who have more than eleven (11) full years of service: Three week's pay for every full completed year of service from year 11 on. For amounts, see following schedule.

Employees who work less than full-time (80 hours per pay period) shall be eligible in accordance with Subsections R1-R6 above, to receive a proportional severance payment in accordance with the following formula:

The Agency shall calculate the average number of hours such employee worked for the calendar year preceding such employee's layoff. This number shall then be used to determine the proportion of such employee's time in relation to full-time employment. This proportion shall then be applied to the above payment schedule for purposes of payment. See following example.

However, no employee shall be entitled to receive more than fifty-two (52) weeks of severance pay.

- 8. **Effect on Retirement.** The acceptance or rejection of severance pay shall have no effect on vested pension rights under the Retirement Act. The parties agree that the severance payment shall not be included in the computation of compensation for the purpose of calculating retirement benefits and will seek and support statutory change if such legislation is necessary to so provide.
- 9. **Effective Date.** The provisions of this Section shall apply to employees in the Labor and Trades Unit in the Department of Community Health laid off on or after October 1, 1983.

SEVERANCE PAY SCHEDULE

<u>Hours</u>	<u>Years</u>	<u>Week's Pay</u>
2088 - 4176	1	1
4177 - 6264	2	2
6265 - 8352	3	3
8353 - 10440	4	4
10441 - 12528	5	5
12529 - 14616	6	7
14617 - 16704	7	9
16705 - 18792	8	11
18793 - 20880	9	13
20881 - 22968	10	15
22969 - 25056	11	18
25057 - 27144	12	21

27145 - 29232	13	24
29233 - 31320	14	27
31321 - 33408	15	30
33409 - 35496	16	33
35497 - 37584	17	36
37585 - 39672	18	39
39673 - 41760	19	42
41761 - 43848	20	45
43849 - 45936	21	48
45937 - 48024	22	51
48025 - 50112	23	52
50113 - 52200	24	52
52201 - 54288	25	52 Etc.

EXAMPLE OF SEVERANCE PAY FOR LESS THAN FULL TIME EMPLOYEE

Average number of hours worked in previous calendar year: 1980

Full time employee hours: 2088
Proportion (or percentage) $\frac{1980}{2088} = 94.8\%$

.948 x \$S.P. = \$Gross Amount to be paid
S.P. = Severance Payment from schedule

The employee agrees that employees who are indefinitely laid off shall be eligible for severance payments in accordance with the provisions of this section during the life of this agreement, up to the maximum total of \$2.5 million. The provisions of the sub-section will not apply to department of community health employees entitled to severance pay under this section.

S. Deferred Compensation.

Employees who are laid off from State employment and who have been enrolled in the State's Deferred Compensation Program shall be provided with a written explanation of their options regarding their contributions made to the Plan. Such written explanation shall fully outline and be only limited by governing IRS Regulation 457 and the State's IRS approved Deferred Compensation Plan.

T. Reimbursement Rates - Travel.

Employees shall be entitled to travel reimbursement at the rates and in accordance with the Standardized Travel Regulations and the Department of Management and Budget Administrative Manual 5-3-1 which are in effect on the date(s) of travel.

U. A Qualified 401(k) Tax-Sheltered Plan.

The qualified 401(k) Tax-Sheltered Plan currently in effect shall be continued for employees in these Bargaining Units.

V. Flexible Compensation Plan.

The Employer shall maintain the current flexible compensation plan for employees in these Bargaining Units. The Employer's share of the cost of parking in state owned lots, health, vision, and dental insurance coverage is deducted from gross pay rather than take home (after-tax) pay. This reduces the amount of state and federal taxes withheld. The gross pay before all the deductions is still used for the computation of retirement, life insurance, and long term disability benefits. The employee automatically makes the election for flexible compensation by enrolling in the health, vision, or dental plans. The premiums for long term disability (LTD) is not deducted before taxes because it would make the LTD benefits entirely taxable instead of being partially tax free as they are now. Effective 1/1/87, federal FICA taxes will also not be deducted from the amount employees pay for health, vision, and dental insurance.

Effective October 1, 1989, employees in these Bargaining Units will be eligible to participate in the State of Michigan dependent care and medical spending accounts authorized in accordance with Section 125 of the Internal Revenue Service Code.

W. Safety Shoes.

The allowance paid by the Employer for the purchase of any required safety shoes in accordance with the provisions of Article 22, Section E, shall be the actual cost of such shoes up to a maximum reimbursement of \$100. In the alternative, an employee may elect to be reimbursed the actual cost of required safety shoes once in a two-year period, up to a maximum of \$200.00. The applicable period shall be measured from the date of the most recent request for reimbursement.

When an employee presents medical evidence of the need for an orthopedic safety shoe the Employer shall reimburse the actual cost of the orthopedic safety shoe not otherwise covered by the health insurance.

X. Conservation Officer Per Diem

Conservation Officers-E and -SR-A shall receive a \$3.00 per diem for emergency response. This shall be paid quarterly in January, April, July, and October. The parties may agree to a biweekly payment when administratively possible.

Y. Motor Carrier Officer Per Diem.

Effective June 13, 1986, the per diem previously paid to Motor Carrier Officer 9 and 10 was rolled into the base rate. This section is written solely to document that action.

Z. Effective Date.

This Article shall be effective on October 1, 2005, unless otherwise specified.